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South Vietnam: Communist military activity remained at a low level throughout the country over the weekend.

There were persistent indications, however, that the enemy is preparing for another spurt of attacks in the near future to climax the so-called "July action phase." The evidence suggests that these attacks, like earlier "highpoints" this summer, will consist largely of localized hit-and-run shellings, some interspersed with limited ground probes.

Meanwhile, some Communist regular units may be adopting sapper and guerrilla tactics and discarding their conventional main force tactics in order to economize troops and supplies. A recent prisoner from a Communist subregion northwest of Saigon claims that two of three main force regiments assigned to that operational sector were converted to sapper units. This change, according to the captive, was dictated by the success of allied terrain-clearing operations and the heavy losses incurred by the subregion's forces.

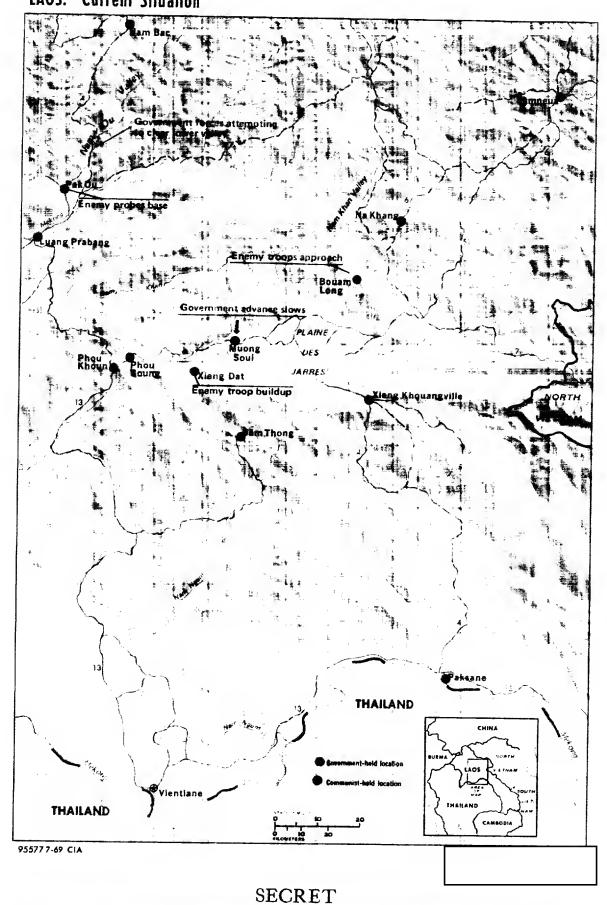
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Approved For Release 2003/06/10 PCPA-RDP79T00975A014100090001-5 LAOS: Current Situation



Laos: The government's effort to recapture Muong Soui shows signs of floundering.

Government troops captured a number of strategic hill positions within two miles of the base late last week, but little progress has been made to follow up these gains. At least one close-in position has since been lost to the enemy. Bad weather is severely curtailing air support--on which the government heavily depends--and is enabling the Communists to truck in supplies and possibly reinforcements from the Plaine des Jarres.

Meo General Vang Pao is considering committing additional battalions to breathe new life into the Muong Soui campaign. A sharp Communist counterattack, however, appears to be only a matter of time. In recent days enemy troops have been moving in on Bouam Long, a guerrilla base north of Muong Soui, and Xieng Dat, where neutralist troops have been holed up since retreating from Muong Soui two weeks ago.

Government leaders, meanwhile, are apprehensive about what they regard as a growing threat to the royal capital of Luang Prabang. The Communists have rebuffed the government's attempts to clear the lower portions of the Nam Ou Valley and probes have been made as far south as Pak Ou on the Mekong River. Although it is too early to tell how serious the flurry of activity is, three North Vietnamese battalions appear to have moved south from the Nam Bac area for this campaign, raising the possibility that the Communists may intend to isolate Luang Prabang.

(Map)

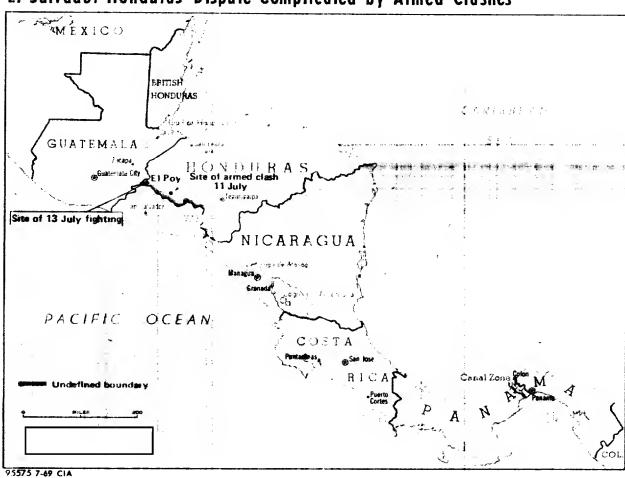
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El Salvador-Honduras Dispute Complicated by Armed Clashes



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El Salvador - Honduras: Fighting has broken out along the border and there is concern in Honduras that this may be a prelude to an invasion.

Salvadoran and Honduran patrols clashed Sunday morning at El Poy and press reports indicate that fighting was resumed in this area in mid-afternoon. On 11 July, a small Salvadoran force reportedly penetrated Honduran territory and was repulsed with four killed. This had been the first actual clash between troops of the two countries and the first combat deaths reported since El Salvador broke diplomatic relations on 26 June.

Honduran medical personnel have been sent to the frontier, and Honduran President Lopez has indicated that troop reinforcements will also be dispatched. In addition, units from home garrisons near the capital and San Pedro Sula have reportedly been moved to within a few miles of the border.

Fears among the large Salvadoran community in Honduras can be expected to increase in spite of a Honduran pledge of protection renewed on 12 July. Many of these Salvadorans may join the more than 16,000 who have already fled Honduras. A continued exodus would further complicate efforts to defuse the situation, and would reinforce pressures on Salvadoran President Sanchez for an invasion.

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(Map)

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Senegal - Nationalist China: Senegal will soon restore diplomatic relations with the Republic of China,

Relations between the two countries were severed in September 1964 after the Senegalese expelled the Chinese chargé for alleged involvement in internal Senegalese politics. The two main reasons for the resumption of relations appear to be President Senghor's belief that Chinese Communist-influenced elements were behind recent serious student disorders, and Senghor's appreciation of the efforts of the Nationalist Chinese rice mission that had remained on the job despite the rupture in relations.

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